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UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA – SAN FRANCISCO DIVISION

In Re:  
LEGAL RECOVERY, LLC

Debtor,

CHARLES LI,

Plaintiff

v.

LEGAL RECOVERY, LLC,

Defendant

Case No.: 24-30074  
Chapter 11

A.P. No. \_\_\_\_\_

COMPLAINT TO DETERMINE  
DISCHARGEABILITY OF DEBT (11  
U.S.C. §§523(a)(2)(A), 523(a)(4),  
523(a)(6))

1. Debtor and defendant herein filed a petition for relief under Chapter 11 of the Bankruptcy Code on February 6, 2024.

2. This Court has subject matter jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§157, 1334 and 11 U.S.C. § 523.

3. This is a core proceeding over which this Court has jurisdiction under title 28 U.S.C. §157(b)(2)(I).

4. Venue is proper under 28 U.S.C. § 1409(a).

5. Plaintiff is a natural person residing in this judicial district.

1           6. Debtor is an alter ego of Demas Yan, a natural person and former  
2 attorney disbarred by the State Bar of California. Debtor was formed by Demas Yan, who  
3 exercises sole and exclusive control over it. Demas Yan and debtor have commingled  
4 their assets, income, and resources. Demas Yan formerly placed his mother Tina Yan as  
5 the figurehead manager of debtor, even though she had dementia, as was revealed when  
6 she filed her own bankruptcy petition in this Court (Case No. 22-30407). Demas Yan's  
7 control over and manipulation of debtor and defendant, his mother, and his father are  
8 detailed in *In re Lombard Flats, LLC*, No. 15-CV-00870-PJH, 2016 WL 1161593, at \*7  
9 (N.D. Cal. Mar. 23, 2016). His hiding of assets through relatives is detailed in *Li v. Yan*,  
10 247 Cal.App.4<sup>th</sup> 56 (2016), and *In re Yan*, No. BAP NC-10-1476-JUHPA, 2011 WL  
11 2923855 (B.A.P. 9th Cir. July 11, 2011).

12           7. On May 7, 2013, plaintiff obtained a judgment against Demas Yan  
13 for professional malpractice, unauthorized practice of law, and fraud in *Charles Li v.*  
14 *Demas Yan*, CGC-10-497990 (San Francisco Superior Court). The fifth amended  
15 judgment was entered on November 30, 2018 for \$1,498,422.01. It has not been satisfied,  
16 and additional judgment interest and attorneys' fees have accrued.

17           8. On June 24, 2016, plaintiff obtained a judgment against Demas  
18 Yan, his mother, and two brothers in law for fraudulent transfer in *Charles Li v. Thai*  
19 *Ming Chiu, et al.*, CGC-14-537574 (San Francisco Superior Court). The action was a  
20 proceeding to enforce and collect on plaintiff's judgment in *Li v. Yan*. The amount  
21 outstanding, including additional attorneys' fees, is approximately \$3,000,000.

22           9. Under 11 U.S.C. § 523(a)(2), (a)(4) and (a)(6), Debtor's  
23 indebtedness to Plaintiff is nondischargeable.

#### 24 PRAYER

25 Wherefore, plaintiff PRAYS that the Court enter a judgment or order:

26 1. Determining that debtor's debt to plaintiff is nondischargeable.  
27  
28

2. Awarding plaintiff an amount subject to proof but no less than \$3,000,000.

3. Awarding interest and reasonable attorneys' fees and costs.

4. Awarding such other relief as is just and proper.

DATED: May 3, 2024

/s/ Duy Thai

Duy Thai  
Attorney for Charles Li